GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Prohibition & Excise Department – Rationalization of rates of VAT, Special Margin specified on liquor and Additional Excise Duty / Additional Countervailing Duty levied on landed cost of liquor – Orders – Issued.

REVENUE (EXCISE) DEPARTMENT

G.O.Ms.No.363 **Dated: 18.12.2021**

Read the following:

1) G.O.Ms.No.243 Revenue (Excise-II) Dept. dt.27.06.2017.
2) G.O.Ms.No.422 Revenue (Excise-II) Dept. dt.30.09.2019.
3) G.O.Ms.No.128 Revenue (Excise) Dept. dt.04.05.2020.
4) G.O.Ms.No.129 Revenue (Excise) Dept. dt.05.05.2020.
5) G.O.Ms.No.256 Revenue (Excise) Dept. dt.03.09.2020.
6) G.O.Ms.No.312 Revenue (Excise) Dept. dt.29.10.2020.
7) G.O.Ms.No.312 Revenue (CT-II) Dept. dt.09.11.2021.
8) G.O.Ms.No.313 Revenue (Excise) Dept. dt.09.11.2021.
9) Lr.No. APSBCL/Welfare schemes/2021-22 dt.16.12.2021 of CDB & M.D., APSBCL.

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ORDER:

The Government of Andhra Pradesh, by an avowed policy, is committed to reduction in alcohol consumption in the state, with a view to improve the physical quality of life of its people.

2. Further, several proactive steps have been taken by the Government in this direction. Notable among them are removal of 43,000 Belt shops spread across various villages throughout the state, dispensing with the Permit Rooms, reduction in the business hours, reduction in the maximum possession limit of intoxicants which a person can possess without licence or permit, etc. Further, in order to ensure that there remain no belt shops in any village, the Government removed private people from operating liquor shops.

3. Furthermore, the Government have reduced the retail outlets from (4380) to (2934) i.e. by about 33% to reduce access to availability of liquor and granted exclusive privilege to APSBCL to run these retail outlets in public interest. Furthermore, the Government issued orders to reduce bars by 40% from (840) to (530) which is sub-judice.

4. In order to create awareness among the public on the evils of consumption of liquor / intoxicants, the Madya Vimochana Prachara Committee was constituted and awareness programs are being conducted all over the State.

5. Furthermore, the Government have levied Additional Retail Excise Tax on liquor vide reference 2nd read above with a view to reduce consumption of liquor in the State and also keeping in view the objectives of preventing cross-border smuggling of liquor into the State rationalized the same vide references 3rd to 6th read above to discourage the people from consumption of liquor in order to ensure a healthy society.

6. It is also submitted that the Government have rationalized VAT to bring about parity with the neighbouring States in the reference 7th read above. The Government have also specified Special Margin on liquor for human consumption to be collected from the licence holders in the reference 8th read above.

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7. However, it is noted that in spite of rationalization of ARET, there is a need for further rationalization of liquor to prevent cross-border smuggling activities as well as prevalence of illicit distillation in the State though tough action has been taken by Government in booking of cases, destroying of F.J. Wash seizure of NDL. The table below exemplifies this:

Year	I.D/Arrack /F.J.Wash					NDPL/Spurious /RS/DS				
	No. of Cases	No. of Accused	Qty seized (in ltrs)	F.J. Wash Destroyed (Qty in ltrs)	No. of Vehicles seized	No. of Cases	No. of Accused	IMFL (in lts)	Beer (in lts)	No. of Vehicles seized
2019	15,638	9,772	1,76,114	45,74,488	1,031	1,841	1,908	15,640	9,874	402
2020	40,153	35,250	5,02,738	1,19,88,817	5,896	23,589	35,616	3,82,602	10,363	13,581
2021 (upto Nov,21)	45,087	31,605	6,12,535	2,01,87,002	3,908	17,654	23,500	6,20,065	6,436	7,566

8. As seen from the above table there is a steep increase in the circulation of NDPL / Spurious liquor over the years and equally menacing is the increase in the prevalence of illicit distillation in the State. While the unscrupulous elements are illegally enriching themselves by resorting to cross-border smuggling and illicit distillation, the poorer sections are becoming easy prey to ID arrack.

9. The situation brings to the fore the imperative need for further rationalization of MRPs of liquor in the State so as to sustain the objectives of the avowed policy of the Government to reduce the consumption levels of liquor in the State while strictly controlling cross-border smuggling of the liquor into the State as well as prevalence of illicit distillation.

10. In view of the above, the CDB & Managing Director, APSBCL in the reference 9th read above, has submitted a proposal to rationalize the rates of VAT, Special Margin and Additional Excise Duty levied on liquor for human consumption. It is felt that the proposed rationalization is aimed at weaning the poor away from consuming unauthorized / illicitly distilled liquor. It is further informed that the proposed rationalization of rates of VAT, Special Margin and Additional Excise Duty would keep the MRPs of liquor a little bit higher than those prevailing in the neighbouring States and therefore will not run contrary to the objectives of reducing the consumption levels of alcohol in the State and ensure physical standards of life of the people especially those of poorer sections.

11. The Government after careful consideration of the matter have decided to rationalize the rates of VAT, Special Margin and Additional Excise Duty / Additional Countervailing Duty levied on liquor for human consumption.

12. Therefore, in exercise of the powers conferred by section 4-A of the Andhra Pradesh (Regulation of trade in Indian made Foreign Liquor, Foreign Liquor) Act, 1993 and in partial modification of the orders issued in the reference 8th read above, Government hereby rationalize the rates of Special Margin specified on liquor at the rates as detailed in the table given below to be collected from the holders of licences issued under the Andhra Pradesh Excise (Grant of licence of selling by Shop and conditions of licence) Rules, 2019, the Andhra Pradesh Excise (Grant of licence of selling by Bar and conditions of licence) Rules, 2017 and the Andhra Pradesh Excise (Grant of licence of selling by In-house and conditions of licence) Rules, 2005.

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13. Further, in exercise of the powers conferred by sub-Sections (1) and (2) of Section 21 of the Andhra Pradesh Excise Act, 1968 (Andhra Pradesh Act No. 17 of 1968) and in partial modification of the orders issued in the reference 1st read above, Government hereby rationalize the rates of Additional Excise Duty / Additional Countervailing Duty as detailed in the table given below levied on the landed cost of Indian Made Foreign Liquor, Beer, Wine and Ready to Drink varieties manufactured or produced in the State under any licence granted under the said Act and Additional Countervailing Duty levied on the landed cost of Indian Made Foreign Liquor, Beer, Wine and Ready to Drink varieties manufactured or produced elsewhere in India and imported into the State under a permit issued or licence granted under the said Act.

14. Furthermore, In exercise of the powers conferred under sub-section (1) of section 79 of the Andhra Pradesh Value Added Tax Act, 2005 (Andhra Pradesh Act No.5 of 2005) and in partial modification of the orders issued in the reference 7th read above, the Government of Andhra Pradesh hereby makes the following amendments to Schedule-VI of the said Act duly rationalising the rates of VAT on liquor for human consumption as detailed in the table given below.

IMFL:

Sl. No	Basic Price per Case	Rationalised rates of AP VAT	Rationalised rates of AED / ACD	Rationalised rates of SPECIAL MARGIN
1	Upto Rs.400	50%	36%	90%
2	Above Rs.400 upto Rs.1029	10%	10%	110%
3	Above Rs.1029 upto Rs.1562	10%	10%	130%
4	Above Rs.1562 upto Rs.1657	10%	10%	120%
5	Above Rs.1657 upto Rs.1830	10%	10%	110%
6	Above Rs.1830 upto Rs.2500	10%	31%	130%
7	Above Rs.2500 upto Rs.3500	10%	31%	105%
8	Above Rs.3500 upto Rs.5000	10%	31%	90%
9	Above Rs.5000	10%	31%	85%

Foreign Liquor:

Sl. No	Basic Price per Case	Rationalised rates of AP VAT	Rationalised rate of AAF
1	All Ranges	60%	10%

Beer:

Sl. No	Basic Price per Case	Rationalised rates of AP VAT	Rationalised rates of SPECIAL MARGIN	Rationalised rates of AED / ACD
1	Rs.200/- and below	40%	100%	0%
2	Above Rs.200/-	40%	115%	0%

Wine:

Sl. No	Basic Price per Case	Rationalised rates of AP VAT	Rationalised rates of SPECIAL MARGIN	Rationalised rates of AED / ACD
1	All Ranges	35%	65%	36%

RTD:

Sl. No	Basic Price per Case	Rationalised rates of AP VAT	Rationalised rates of SPECIAL MARGIN	Rationalised rates of AED / ACD
1	All Ranges	10%	100%	36%

15. These orders shall come into force w.e.f. 19.12.2021.

16. The Commissioner of Proh. & Excise and the Commissioner of Distilleries and Breweries & Managing Director, A.P. State Beverages Corporation Limited, shall take necessary action accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

Dr. RAJAT BHARGAVA
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To
The Commissioner of Prohibition & Excise, A.P., Vijayawada.
The Commissioner of Distilleries and Breweries & Managing Director,
A.P. State Beverages Corporation Limited, Vijayawada.

Copy to:
The PS to Principal Secretary to CM.
The PS to Minister for Finance.
The PS to Deputy Chief Minister (Excise).
The Finance (FMU-REV) Department.
The Chief Commissioner of State Taxes, A.P., Vijayawada.
The PS to Secretary to Govt., Commercial Taxes Department.
The Revenue (CT-II) Department.
The PS to Spl. C.S. to Govt., Revenue (P&E and R&S) Department.
SF/SC.

//FORWARDED::BY ORDER//

S.E. Aravind
SECTION OFFICER